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ROOM NO. 7D24 Hqs		BUILDING Headquarters	
REMARKS:			
DDA SUBJECT FILE COPY			
FROM: Real Estate and Construction Division			
ROOM NO. 2-F-09	BUILDING		EXTENSION

FORM NO.
1 FEB 56 241

REPLACES FORM 36-8
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122 OCT 1986

MEMORANDUM FOR: Deputy Director for Administration

VIA: Director, Foreign Broadcast
Information Service

FROM: John M. Ray
Director of Logistics

SUBJECT: Rental Survey - Key West, Florida

1. Real Estate and Construction Division, (RECD/OL), conducted a rental survey for the Foreign Broadcast Information Service (FBIS), Key West Bureau, in Key West, Florida, during May 1986. The survey followed the guidelines in the Office of Management and Budget (OMB), revised Circular A-45, dated 28 March 1984, in accordance with 5 U.S.C. 5911 (Refer to Attachment A). The rental rates were developed by a contract real estate broker based on the fair market value of comparable rental houses in Key West, Florida.

2. In the past, FBIS has had difficulty in assigning personnel to Key West due to the exorbitant cost, scarcity, and poor quality of housing available in and around the city of Key West. Presently seven houses are under construction [redacted] for the Key West Bureau: six three-bedroom townhouses and one four-bedroom single family residence. Construction is estimated to be completed in late October 1986 and will remove the most serious difficulty faced by FBIS in attracting qualified personnel to the Key West Bureau.

3. The FBIS employees who will be living [redacted] under the control of [redacted] rules and regulations, resulting in many deprivations of personal liberties. To ameliorate the effects of the restrictions placed on the Agency's employees, the established list of deprivations (Refer to Attachment B) is recommended, by the Office of Logistics, for implementation in the Key West housing survey as a 27 percent reduction from the base rent. In addition, the Director, FBIS, at his discretion, may reduce the base rental rates for the employees by ten percent when an employee is given quarters of excessive or inadequate size, in accordance with OMB Circular A-45, paragraph 7.c.(5).

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FILE: 15-20

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SUBJECT: Rental Survey - Key West, Florida

4. The survey also addressed utility charges. To minimize cost and energy consumption, the electrical service for the Government-provided houses is wired to individual electrical meters and each tenant will receive his own billing for electrical service. The unmetered utility costs of water, sewer, and trash are determined in the survey by average amounts of utilities used in Key West (Refer to Attachment C, "Adjusted Monthly Rental and Utility Rates").

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5. It is proposed that you approve (as shown in Attachment C) the rental rates contained in the Key West Housing Survey, 1986, (plus [redacted] utility charges) and OL's recommendation to implement a 27 percent reduction to the base rental rates for deprivation of personal liberties. Annual increases in rent will be in accordance with OMB Circular A-45, paragraphs 7.d.(2) and (4).

[redacted]
John M. Ray

Attachments:
A, B, and C

cc: D/FBIS

CONCUR:

ILLEGIB
[redacted]

Director, Foreign Broadcast
Information Service

23 OCT 1986

Date

APPROVED:

ILLEGIB
[redacted]

Deputy Director for Administration

28 OCT 1986

Date



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

March 28, 1984

CIRCULAR No. A-45
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Policy Governing Charges for Rental Quarters and Related Facilities

1. Purpose. This Circular sets forth policies and administrative guidance to be used by executive agencies in establishing and administering rental rates and other charges for Government-furnished or leased rental quarters and related facilities.
2. Rescissions. This rescinds OMB Circular No. A-45, dated October 31, 1964, as amended.
3. Authority. This Circular is issued by virtue of the authority vested in the President by 5 U.S.C. 5911(f), and delegated to the Director of the Office of Management and Budget by Section 9 of Executive Order 11609 of July 22, 1971.
4. Coverage. The provisions of this Circular apply to all Government rental quarters located within the fifty States, the District of Columbia, and the territories and possessions of the United States.
5. Policy. It is the policy of the Federal Government that:
 - a. Rental rates and charges for Government quarters and other facilities will be based upon their "...reasonable value ... to the employee... in the circumstances under which the quarters and facilities are provided, occupied or made available" (5 USC 5911). As intended by the Congress, reasonable value to the employee or other occupant is determined by the rule of equivalence; namely, that charges for rent and related facilities should be set at levels equal to those prevailing for comparable private housing located in the same area, when practicable; and
 - b. Federal employees whose pay and allowances are fixed by statute or regulation may not receive additional pay and allowances for any service or duty unless specifically authorized by law (5 USC 5536). Consequently, rents and other charges may not be set so as to provide a housing subsidy, serve as an inducement in the recruitment or retention of employees, or encourage occupancy of existing Government housing.

When properly determined in accordance with the provisions of this Circular, rental rates will be fair to both the Government and the employee (or other authorized occupant), be set so as to maintain fairness between the employee in

- f. Rental quarters. Except as specifically excluded herein or by statute, the term "rental quarters," includes all furnished and unfurnished quarters supplied under specific Government authority to Government employees, contractors, contractor employees, and all other persons to whom housing is provided as an incidental service in support of Government programs. It includes, but is not limited to, Government-owned or leased single family dwellings, apartments, bunkhouses, dormitories, trailer pads, cabins, guard stations and lookouts, mobile homes, house trailers, permanent and semi-permanent tents, and house-keeping as well as nonhousekeeping units. The term excludes "public quarters" designated for occupancy by members of the uniformed services with loss of allowances, but it includes quarters occupied by such personnel on a rental basis under 37 U.S.C. 403(e), 42 U.S.C. 1594a(f) and 1594b, and other authorities.

7. Procedures.

- a. Charges for quarters. The determination of reasonable value of Government-furnished quarters will be based upon an impartial study of comparable private rental housing. There are two methods which may be employed to determine the base rental rate. The first, an appraisal, involves direct comparison with individual private rental housing units. The second, the regional survey, creates a series of economic models based upon a survey of comparable private rental properties throughout the region. While both methods are accurate, agencies are encouraged to utilize the survey method, whenever possible, due to the costs and administrative burdens associated with conducting individual appraisals. Regardless of the method used, results of surveys and appraisals will be reviewed by the agency prior to implementation to assure that they are fair and reasonable, and that they were developed in accordance with the provisions of the Circular. Both methods are subject to the conditions and limitations set forth below.

(1) Appraisals

- (a) Urban and suburban locations. If Government quarters are located in or within five miles of an established community, in an urban or suburban location, the base rental rate may be determined by either a staff or contract appraiser, applying recognized real estate valuation principles.

None of the administrative adjustments provided in paragraph 7c will be made for isolation, site amenities, space devoted to official use, or excessive heating or cooling costs when an appraisal is made in an urban or suburban location. These factors, if appropriate, will already have been considered by the appraiser in the appraisal process.

- (b) Rural areas. When the appraisal method is used to determine the reasonable value of quarters which are not located in or within five miles of an established community, it will

b. Charges for related facilities.

- (1) Utilities. It is Government policy to minimize energy consumption. Consumption has been found to decrease when occupants of Government-furnished quarters are required to pay for the actual cost of utilities used (such as electricity, oil, natural gas, propane, telephone, cable television, water and sewer). Utilities should be furnished by a private company and billed directly to the occupant, whenever possible.

When Government-furnished utilities are provided, they should be metered or measured (e.g., a ton of coal), where practicable. The rate for utilities furnished by the Government will be the same as the residential rate for these utilities in the established community or survey area used in determining the base rental rate. The consumed amount of Government-furnished utilities that are individually metered or measured will be determined by actual readings.

When Government-furnished utilities are not individually metered or measured, consumption will be determined on the basis of an analysis of the average amounts of utilities used in comparable private sector housing in the established community or survey area. (Such estimates are usually available from local utility companies.) Normally, utility charges will be clearly shown and separated from rent charges. Utility charges may be combined, however, in one charge for nonhousekeeping rooms.

- (2) Furnishings. If there is an inadequate market of comparably furnished housing for purposes of comparison with furnished quarters, the rents on otherwise comparable unfurnished private units may be used as the base and adjusted by a reasonable charge for furnishings (i.e., household furniture and equipment). This adjustment should be based on actual replacement costs allocated over the useful life of the furnishings.
- (3) Other services. Charges for other services provided by the Government including, but not limited to, laundry, trash and garbage removal, lawn care and snow removal will be based upon prevailing rates for such services in the established community or survey area.

- c. Administrative adjustments. Application of the preceding guidelines might result in some instances in rental rates that are either higher or lower than "the reasonable value of the quarters." In such instances, adjustments in the form of additions to, or deductions from, the base rental rate are appropriate in the specific situations described below. The total amount deducted for all reasons must not be excessive, resulting in a rental rate to the occupant that is less than the reasonable value of the quarters, since this would constitute a supplement of salary in contravention of law. The rental rate, after all adjustments and the addition of charges for furnishings, must not be

such communities, the amenities listed below are generally, but not always, present and their contributory value included in the base rent. The lack of availability of any of these items at the quarters location represents a generally less desirable condition which should be reflected as a negative percentage adjustment to the base rental rate, as shown below. Similarly, an upwards percentage adjustment should be made in the base rental rate for quarters possessing site amenities which are not present in the survey or appraisal communities used to establish the base rent.

- (a) Reliability and adequacy of water supply. The system should provide potable water (free of significant discoloration or odor) at adequate pressure at usual outlets. (+ or -3 percent)
- (b) Reliability and adequacy of electric service. Service must equal or exceed a 100 ampere power system capable of providing 24-hour service under normal conditions. (Occasional temporary outages are considered normal.) If an adequate backup generator is available, the amenity will be rated as present regardless of the reliability of the primary power source. (+ or -3 percent)
- (c) Reliability and adequacy of fuel for heating, cooling and cooking. There should be sufficient fuel storage capacity to meet prevailing weather conditions and cooking needs. Where electricity is used to heat, cool or cook, this adjustment is to be made only when the deduction in (b), above, applies. (+ or -3 percent)
- (d) Reliability and adequacy of police protection. Law enforcement personnel, including Government employees with law enforcement authority, should be available on a 24-hour basis. Availability is defined as the ability to respond to emergencies as quickly as if located in, or adjacent to, an established community. (+ or -3 percent)
- (e) Reliability and adequacy of fire protection. Fire insurance should be available with the premium charge based upon a rating equal to the rating available to comparable housing located in or adjacent to the nearest established community, or adequate equipment and trained personnel available on a 24-hour basis to meet foreseeable emergencies. (+ or -3 percent)
- (f) Reliability and adequacy of sanitation service. An adequately functioning sewage disposal system and a solid waste disposal system, whether community or individually provided, should be available. Individual sewage disposal systems (septic, cesspool or other) will be considered adequate even though they may require periodic mainten-

rate for the quarters through application of the other provisions of this Circular, and adding to the monthly rate an additional charge of at least 20 percent to cover necessary additional administrative and service charges. The total will be divided by 30 days for the nightly rate or 4 1/3 weeks for the weekly rate.

- (b) Temporary quarters. This adjustment will apply when an employee occupies quarters for the convenience of the Government on a temporary basis (normally more than 60 days) and does not receive per diem. Under these circumstances, if the employee maintains two households, the head of the agency is authorized to adjust the rental rate on the quarters unit so that the combined rent or rent and mortgage payment paid during the period of occupancy is not excessively burdensome. The adjustment may not exceed 20 percent of the base rental rate of the quarters unit unless the head of the agency determines that the circumstances fully justify a greater deduction.
- (5) Quarters of excessive or inadequate size or quality. If there is a lack of housing of appropriate size or quality, an employee may be provided Government quarters of a size or quality either excessive or inadequate to that which the prudent employee would have selected in the private community. In these exceptional circumstances, the base rental rate will be reduced by up to 10 percent in direct proportion to the degree of the excess or deficiency. This reduction will not continue beyond one month after the availability of either appropriate rental quarters or private housing, except when the head of the agency determines that the reassignment of quarters will not serve to benefit the Government. The determination of the availability of alternate housing will comply with the rules of availability of housing for rent, for sale, or recently rented or sold and those concerning commuting distances contained in OMB Circular No. A-18.
- (6) Excessive heating and cooling costs. A deduction from the base rental rate is permissible if quarters require an unreasonable additional expense to the employee for heating or cooling because of poor design, the lack of all-weather construction or other related factors. The amount of the deduction will be determined as follows: If the rental quarters in question require expenses to the occupant in excess of 25 percent for the heating or cooling season over the average of heating or cooling for comparable housing in the same area and climate zone as determined by a suitable survey or appraisal, the head of the agency may determine that the excessive costs (i.e., those in excess of 25 percent over the average) may be deducted from the annual rental rates.

be adjusted annually. The rate will be the average residential rate for the utility in the established community or survey area as of the last day of September. The new utility rate will be charged in the first full pay period in the following February to coincide with the CPI Rent Series adjustment to rental rates.

- (5) Periodic/cycle year adjustment. The cycle year (and survey or appraisal month within the cycle year) occurs at different times for different employee quarters within a department or agency. Therefore, since annual CPI adjustments effective in February are based on the preceding September CPI data, cycle year adjustment for any particular quarters or facility shall be made as follows:
 - (a) When the private rental market survey or appraisal is made during the months of August through January, no CPI adjustment will be made on the upcoming February 1, but will be deferred until the start of the first pay period which begins after February 1 of the following year. Rental adjustments based on the survey or appraisal will be put into effect in the usual manner. Example: If the survey month is September 1984, no CPI adjustment will be made in February 1985, but will be deferred until February 1986. Such CPI adjustments will be based on the changes in the CPI from the actual date of the survey through September 1985.
 - (b) When the private rental market survey or appraisal is made during the months of February through July, no CPI adjustments will be made in February of that year, but will be deferred until the start of the first pay period which begins after February 1 of the following year. Rental adjustments based on the survey will be put into effect in the usual manner. Example: If the survey month is March 1984, no CPI adjustment will be made in February 1984, but will be deferred until February 1, 1985. Such CPI adjustment will be based on the changes in the CPI from the actual date of the survey through September 1984.
- (6) Newly acquired quarters. Rates for newly acquired quarters shall be the same as those prevailing for similar Government quarters in the area. If there are no established rates, an initial survey or appraisal to establish valid and realistic comparability with private rental facilities shall be made upon acceptance of newly acquired quarters, and the corresponding rental rates shall be made effective upon occupancy. The initial CPI adjustment in rental rates shall be made as follows:

distributed to all occupants in proportion to the space assigned for the sole occupancy of each, to determine the number of square feet chargeable to each. Common-use space includes, for example, washrooms, stairs, hallways, storage, lobby, and lounge areas.

- (2) Quarters for uniformed service personnel. Rental rates and other charges incident to the occupancy of quarters on a rental basis by members of the uniformed services will be established in accordance with the provisions of this Circular.

Those quarters which have been designated inadequate public quarters or substandard pursuant to law and regulations of the Surgeon General of the Public Health Service and the Secretaries of Defense and Transportation require special treatment in one respect. The total of the rental rate, plus charges for furniture and utilities (except telephone), will be adjusted, if required, so as not to exceed 75 percent of the member's basic allowance for quarters. The rental rate, as used in the preceding sentence, is the base rental rate after the additions or deductions required or authorized elsewhere in this Circular have been given effect, including that requirement contained in paragraph 7c, that the rental rate, after adjustments, will not be less than 50 percent of the base rental rate.

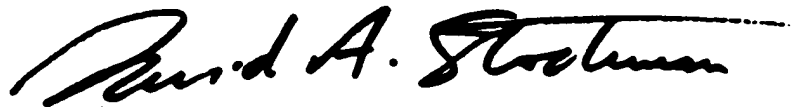
- (3) Instances of hardship. In certain hardship cases where continued occupancy of public quarters by former uniformed service members and dependents or by dependents of deceased service members is permitted, an amount equivalent to the member's full basic allowance for quarters and other housing allowances (i.e., Variable Housing Allowance, etc.) may be charged for such periods of time as may be properly allowed in each particular case. Occupancy of quarters in such instances will normally not exceed 60 days.

Similarly, former Federal employees (or other occupants) and dependents or dependents of deceased Federal employees (or other occupants) may continue to occupy Federally-furnished quarters for a period normally not to exceed 60 days. Such occupants will continue to pay the established rental rate for those quarters.

- (4) Alternative requirements. The provisions of this Circular will not apply in the following instances:

- (a) When employees attend training programs at Federal or private facilities and the cost of housing is factored into the program cost to the agency or through other means, the

- e. A system or procedure for reconsideration of rental determinations and other charges will be provided.
 - f. Employees on leave will continue to be charged for quarters and related facilities, unless the quarters are vacated and made available for reassignment.
 - g. In keeping with the principle of comparability, the agencies assume the customary responsibilities of the landlord; those who occupy rental quarters assume the responsibilities of tenants.
 - h. Agency regulations will specify the conditions under which the agency head will require occupancy of Government-furnished quarters, in accordance with the limitations cited in 5 USC 5911 (e).
 - i. Agency heads will ensure that Government-furnished quarters are safe and sanitary. Although adjustments to the basic rental rate are permitted for such circumstances as excessive heating and cooling costs, poor condition, and lack of potable water, such conditions should not be permitted to continue any longer than absolutely necessary.
9. Policy review. The policies and procedures contained in this Circular shall be reviewed within three years of the date of issuance.
10. Inquiries. For information concerning this Circular, contact the Office of Management and Budget, telephone 202/395-7207.


David A. Stockman
Director

ATTACHMENT

1 B

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MEMORANDUM FOR: Deputy Director for Administration

VIA: Director, Foreign Broadcast
Information Service

FROM: John M. Ray
Director of Logistics

SUBJECT: Rental Survey - Key West, Florida

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SUBJECT: Rental Survey - Key West, Florida

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5. It is proposed that you approve (as shown in Attachment C) the rental rates contained in the Key West Housing Survey, 1986, (plus utility charges) and OL's recommendation to implement a 27 percent reduction to the base rental rates for deprivation of personal liberties. Annual increases in rent will be in accordance with OMB Circular A-45, paragraphs 7.d.(2) and (4).

STAT

John M. Ray

Attachments:
A, B, and C

cc: D/FBIS

CONCUR:

Director, Foreign Broadcast
Information Service

Date

APPROVED:

William F. Donnelly

Deputy Director for Administration

28 MAR
26 1988

Date

ROUTING AND TRANSMITTAL SLIP

Date

28 Oct 86

TO: (Name, office symbol, room number, building, Agency/Post)		Initials	Date
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3.			
4. DDA - For Approval			28 OCT 86
5. DDA DDA/REG			
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